

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES  
AUDIT  
OF  
PACE SOLANO**

**Day Program(s)**  
**Adult Development Program – H13450, H13670, H83777 & H83778**  
**Behavior Management Program – H83727, H13671& H83901**

**Transportation Program**  
**Transportation Additional Component – H13225**

**Miscellaneous Program(s)**  
**Program Support Group– P83886**

(Audit Period: July 1, 2005 through June 30, 2006)

**Audit Branch**

**Auditors:** Michael Masui, Chief of Vendor Audits  
Alton Kitay, Supervisor  
Charlotte Chigbu, Lead Auditor  
Wilfredo Golez  
Kenneth Rading  
Kula Sirleaf  
Treisa Muhammad

**Assignment # 07-VN-1-009**

**PACE SOLANO**  
**TABLE OF CONTENTS**  
**AUDIT REPORT**

	<b>Page</b>
<b>Executive Summary .....</b>	<b>1</b>
<b>Background .....</b>	<b>1</b>
<b>Objective, Scope, and Methodology .....</b>	<b>1-3</b>
<b>Conclusion .....</b>	<b>4</b>
<b>Views of Responsible Officials .....</b>	<b>5</b>
<b>Restricted Use.....</b>	<b>5</b>
<b>Findings and Recommendations.....</b>	<b>6-7</b>
<b>Attachment A – Pace Solano Response.....</b>	<b>8-9</b>
<b>Attachment B – The Department of Developmental Services’ Evaluation of Auditee’s Response .....</b>	<b>10</b>

## **EXECUTIVE SUMMARY**

The Department of Developmental Services has audited Pace Solano (PACE). The audit was performed upon the Day, Transportation, and Miscellaneous programs for the period of July 1, 2005 through June 30, 2006.

The last day of fieldwork was August 14, 2007.

The results of the audit disclosed the following issue of noncompliance:

### **DAY PROGRAM(S)**

1. During the audit period, PACE did not maintain source documentation to support its Day program billings. PACE shredded the source documents after inputting the attendance into its computer system.

A detailed discussion of this finding is contained in the Findings and Recommendations section of this report.

## **BACKGROUND**

The Department of Developmental Services (DDS) is responsible under the Lanterman Developmental Disabilities Services Act, for ensuring that persons with developmental disabilities receive the services and supports they need to lead more independent, productive, and normal lives. DDS contracts with 21 private, nonprofit regional centers that provide fixed points of contact in the community for serving eligible individuals with developmental disabilities and their families in California. In order for regional centers to fulfill their objectives, they secure services and supports from qualified service vendors and/or contractors. Per Welfare and Institutions Code, Section 4648.1, the DDS has the authority to audit those service providers and/or contractors that provide services and supports to the developmentally disabled.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

This audit was conducted to determine whether PACE's Day, Transportation, and Miscellaneous programs were compliant with the Welfare and Institutions (W&I) Code, California Code of Regulations Title 17 (Title 17), and the regional center's contract(s) with PACE for the period of July 1, 2005 through June 30, 2006.

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. The auditors did not review the financial statements of PACE, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of PACE's internal controls to gaining an understanding of the transaction flow and invoice preparation process as necessary to develop appropriate auditing procedures.

## **DAY PROGRAM(S)**

During the audit period, PACE operated 20 Day programs. Our audit included Seven of PACE's Day programs. The programs audited are listed below:

- PACE - Georgia, H83778, Service Code 510
- PACE - Georgia, H83777, Service Code 510
- PACE - Georgia, H83901, Service Code 515
- PACE - Benicia, H13670, Service Code 510
- PACE - Benicia, H13671, Service Code 515
- PACE - Vacaville, H83727, Service Code 515
- PACE - Vacaville, H13450, Service Code 510

The procedures performed included, but were not limited to, the following:

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondences pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing PACE staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing PACE service/attendance records to determine whether PACE had sufficient, competent and relevant evidence to support the direct care service hours billed to the regional center(s).
- Performing an analysis of PACE payroll and attendance/service records to determine if PACE provided the level of staffing required.

Although the source documentation was not maintained by PACE to support the consumer attendance days billed for the Day programs for the audit period, it was identified that procedures at PACE are to input the attendance information into their computer systems. During the audit fieldwork, it was identified that PACE did have source documentation to support the days of attendance billed for the months of May and June 2007. As an alternate procedure, we tested the computer summaries and attendance days billed for the months of May and June 2007. From this testing we determined that PACE properly input the source documentation into their computer system.

Therefore, to determine if PACE properly billed for Day program attendance days for the audit period, we traced the billing invoices to the information maintained in the PACE computer system.

## **TRANSPORTATION PROGRAM**

During the audit period, PACE operated one Transportation program. The program audited is listed below:

- Transportation Additional Component, H13225, Service Code 880

The procedures performed included, but were not limited to, the following:

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing PACE staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing PACE service/attendance records and mileage logs to determine whether PACE had sufficient, competent, and relevant evidence to support the service billed to the regional center(s).

### **MISCELLANEOUS PROGRAM(S)**

During the audit period, PACE operated one Supplemental Day Services Program Support Group. The Supplemental Day Services Program Support Group is designed to provide time limited supplemental staffing in excess of the amount required by regulation. The program audited is listed below:

- Program Support Group, P83886, Service Code 110

The procedures performed included, but were not limited to, the following:

- Reviewing the regional center's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondences pertinent to the review.
- Interviewing regional center staff for vendor background information and to obtain prior vendor audit reports.
- Interviewing PACE staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewing PACE service/attendance records to determine whether PACE had sufficient, competent and relevant evidence to support the direct care service hours billed to the regional center(s).

## **CONCLUSION**

Based upon the procedures we have performed, PACE complied with requirements of Title 17 with the exception of the following finding:

### **Day Programs**

#### **Lack of Source Documents**

During the audit period, PACE did not maintain source documents to support the billings for the Day programs. PACE shredded the source documents after inputting the attendance into its computer system.

As identified in the Objective, Scope, and Methodology section of this report, due to the lack of source documentation, alternate procedures were performed to determine if PACE properly billed for attendance days for the Day programs. Based upon these procedures, it was concluded that PACE properly billed for Day program attendance during the audit period.

## **VIEWS OF RESPONSIBLE OFFICIALS**

The DDS issued a draft audit report on May 1, 2008. In the response dated June 16, 2008, Kelley Hanson, Executive Director of Pace Solano, indicated that Pace Solano has made changes in their procedures in response to the Finding—Lack of Source Documentation.

## **RESTRICTED USE**

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services, North Bay Regional Center, and Pace Solano; it is not intended and should not be used by anyone other than those specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

ARTHUR J. LEE, CPA  
Manager  
Audit Branch

## **FINDINGS AND RECOMMENDATIONS**

### **FINDING 1: Lack of Source Documentation**

During the audit period, PACE did not maintain source documentation to support its Day program billings. PACE shredded the source documents after inputting the attendance into its computer system. PACE employees explained that each morning the daily attendance sheets were gathered by the facility supervisor and then input into the computer system.

The consumers' attendance was accumulated in the computer and on a monthly basis the summary attendance schedule was printed-out. This monthly schedule was then used to support the billing to the regional center. Unfortunately, the computerized monthly summary schedule is not a source document sufficient to support its billing as required by Title 17 regulation.

As identified in the Objective, Scope, and Methodology section of this report, due to the lack of source documentation, alternate procedures were performed to determine if PACE properly billed for that attendance days for the Day programs. Based upon this alternative procedure, it was concluded that PACE properly billed for Day program attendance during the audit period.

Title 17, Section 54326 (a) states:

“All vendors shall:

(3) Maintain records of services provided to consumer in sufficient detail to verify delivery of units of service billed.

(A) Such records shall be maintained for a minimum of five years from the date of final payment for the State fiscal year in which services were rendered or until audit findings have been resolved, whichever is longer.”

Title 17, Section 50604 (d) states:

“All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers' billing/invoicing shall include but not be limited to:

(3) A record of services provided to each consumer. The record shall include:

(C) For community-based programs, the dates of service, place where service was provided, the start and end times of service provided....”

Title 17, Section 50604 (e) states:

“All service providers' records shall be supported by source documentation.”



**RECOMMENDATION:**

PACE should develop policies and procedures to ensure source documentation is maintained to support consumer attendance in the Day programs for a minimum of five years as required by Title 17.

**AUDITEE'S RESPONSE:**

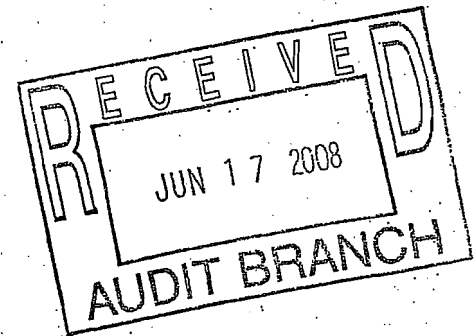
In responding to the audit report, Pace Solano stated that they have already changed their process to comply with DDS's recommendation. See Attachment A for the full text of Pace Solano's response.

Pace Solano's Response to Draft Report

---

**PACE SOLANO**  
**419 Mason Street, Suite 118**  
**Vacaville, CA 95688**  
**707/448-2283**

June 16, 2008



Arthur J. Lee, CPA Manager  
Department of Developmental Services  
Audit Branch  
1600 Ninth Street, Room 230, MS 2-10  
Sacramento, CA 95814

Dear Arthur:

This memo is written in response to the DDS Audit Report completed for Pace Solano covering the period of July 1, 2005 through June 30, 2006.

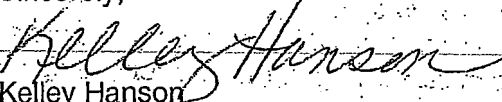
As a result of the audit findings, all Pace program sites maintain the "original" source documentation to support the Day Program and Transportation billings. Currently the program sites take attendance and the attendance is placed into the computer. Instead of shredding the documentation used to complete the computer input these documents are kept along with the computerized version and sent to the Administrative Office to be stored with the monthly billings. All attendance records will be kept for a minimum of five years.

Another change that Pace Solano executed due to auditor recommendation was to create hard copies of the daily schedule board at each program site. At each site there is a large dry erase board that lists the names of the staff, participants, classes and daily activities. Each day the board is changed based on the activities and classes that are offered and the staff and clients that are present. Essentially the board is a "snap shot" in time indicating what was happening in the building on any given day. The board also reflects the staff to client groupings through out the day so at a quick glance you are able to determine that there is the appropriate amount of staff assigned to client groupings. At the end of the month the "snap shots" are sent to the Administrative Office to be reviewed by the Executive Director and stored for future use.

Lastly, the non-profit which is Pace Solano is not called by anything other than Pace Solano. Please change the name of Positive Approach to Consumer Education on the Audit Report to Pace Solano. Positive Approach to Consumer Education was a non-profit organization that was the predecessor to Pace Solano but is no longer an operating non-profit. Positive Approach to Consumer Education merged with USARC in 1989 to form the organization known today as Pace Solano.

If you have any questions regarding our audit response please do not hesitate to contact us directly.

Sincerely,

  
Kelley Hanson  
Executive Director

**DEPARTMENT OF DEVELOPMENTAL SERVICES' (DDS)  
EVALUATION OF  
PACE SOLANO'S RESPONSE  
TO THE PROGRAM AUDIT**

As part of the vendor audit report process, Pace Solano was afforded the opportunity to respond to the draft audit report and provide a written response to the finding. Upon receipt of Pace Solano's written response to the draft audit report, DDS evaluated the written response and Pace Solano has indicated that changes have been made in their process in response to the finding.